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Name.................................

Reg. No..............................

THIRD SEMESTER M.Com. DEGREE EXAMINATION, DECEMBER 2016

(CUCSS)

MC 3E(F) 01—FINANCIAL MANAGEMENT

(2015 Admissions)

Time : Three Hours

Maximum : 36 Weightage

Part A

Answer **all** *the questions.*
Each question carries 1 *weightage.*

1. What do you mean by financial Management ?
2. What is preference share ?
3. What are the components of Working Capital ?
4. What is explicit cost ?
5. Define the term capital Structure.
6. Explain Dividend Policy.

(6 × 1 = 6 weightage)

Part B

Answer any **six** *of the following.*
Each question carries 3 *weightage*

7. Define Financial Management. Discuss in detail about the evolution and functions of financial management.
8. Explain the various sources of Short Term Finance.
9. What are the factors would like to consider in determining the working capital requirements of a newly stated business ?
10. How would you apply the cost of capital concept when projects with different risks are evaluated ?
11. Explain the factors which influence the capital structure of a company.
12. Discuss Modigliani and Miller approach to capital structure.
13. Explain Dividend and its types.
14. Write short note on :
    (a) Graham-Dodd Theory of Dividend.
    (b) James Walter's Theory of dividend.

(6 × 3 = 18 weightage)

Turn over

Part C

Answer any **two** *of the following.*
Each question carries 6 weightage

15. Explain the three major decisions in Financial Management. "Wealth Maximization is a sole objective of Financial Management". Discuss.

16. A company has an investment opportunity costing Rs. 40,000 with the following expected net cash flow after taxes and before depreciation.

Year	Net Cash Flow Rs.
1	7,000
2	7,000
3	7,000
4	7,000
5	7,000
6	8,000
7	10,000
8	15,000
9	10,000
10	4,000

Using 10% as the cost of capital, determine the following :

(a) Pay back period.

(b) Net present value at 10% discount factor.

(c) Profitability index at 10% discount factor.

(d) Internal rate of return with the help of 10% and 15% discount factor.

17. ABC Ltd has a Rs. 1,000 per value bond, carrying coupon rate of 12% and maturing after 7 years. The market value of this bond is Rs. 750. What is the Yield to Maturity of this bond ? What will be the Yield to Maturity if the market price is Rs.1,050 ?

(2 × 6 = 12 weightage)